

Message Text

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ACTION EUR-25

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C O N F I D E N T I A L USNATO 5547

E.O. 11652: GDS79

TAGS: MCAP EFIN NATO

SUBJ: NOVEMBER 16 NAC AGENDA, ITEM II, FINANCIAL PROBLEMS ARISING
FROM THE STATIONING OF UNITED STATES FORCES IN EUROPE

REF: A. STATE 226262

B. USNATO 5423

BEGIN SUMMARY. FOLLOWING THE NOVEMBER 16 NAC MEETING, AND
IN RESPONSE TO REQUEST OF SYG LUNS, CHARGE CIRCULATED TO THE
MEMBERS OF THE COUNCIL A LETTER REFLECTING US POSITION ON
SUBJECT MATTER BASED ON STATE 226262, IT SAYS THAT US CONTRI-
BUTIONS SHOULD NOT BE DELEGATED TO NATO COMMITTEES EXCEPT
ON BASIS OF IMPLEMENTING FIRM INSTRUCTIONS BY PERM REPS TO
REDUCE US PERCENTAGE SHARES, IF POSSIBLE, AS OUTLINED IN REF
B. END SUMMARY.

LETTER FOLLOWS: QUOTE DEAR MR. SECRETARY GENERAL: IN ACCORDANCE
WITH YOUR REQUEST, I AM PROVIDING TO YOU AND TO THE MEMBERS OF
THE COUNCIL A SUMMATION OF THE REMARKS WHICH I MADE IN THE
COUNCIL THIS MORNING ON BURDEN SHARING.

THE BROAD ISSUE BEFORE THE COUNCIL IS TO ELICIT A CONSTRUCTIVE
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RESPONSE ON THE PART OF THE ALLIES TO THE REPORT OF THE STUDY
GROUP ON BURDEN SHARING. THE STUDY WAS TO SEEK WAYS AND MEANS
TO ALLEVIATE THE BALANCE OF PAYMENTS AND BUDGETARY BURDEN
INCURRED BY THE UNITED STATES IN STATIONING TROOPS IN EUROPE.

THE UNITED STATES SEEKS AN ARRANGEMENT COVERING SUBSTANTIALLY ALL FUTURE NATO-RELATED MILITARY BALANCE OF PAYMENTS EXPENDITURES.

WE APPRECIATE THE INSTRUCTED RESPONSES WE HAVE HEARD TO DATE IN THE COUNCIL ON THE OPTIONS FOR MULTILATERAL BURDEN SHARING SET FORTH IN C-M(73)93. WE BELIEVE THAT TECHNICAL WORK BY NATO COMMITTEES TO ELABORATE CERTAIN OF THESE OPTIONS IS IN ORDER. HOWEVER, WE BELIEVE THAT WE SHOULD FIRST SEEK AGREEMENT IN THE COUNCIL ON CERTAIN FIRM GUIDELINES TO THE TECHNICAL COMMITTEES TO INSTRUCT THEM ON HOW, AND ON WHAT BURDEN-SHARING MAGNITUDES OR PERCENTAGES, TO PROCEED.

SPECIFICALLY, WE BELIEVE THE COUNCIL SHOULD INSTRUCT THE TECHNICAL COMMITTEES IN QUESTION TO RECOMMEND MEANS TO EFFECT A SIGNIFICANT REDUCTION IN THE US SHARE OF COSTS OF THE INFRASTRUCTURE PROGRAM AND OF THE REGULAR NATO CIVIL AND MILITARY GUDGETS. IN ADDITION, WE BELIEVE THAT THE CENTRAL EUROPE PIPELINE POLICY COMMITTEE (CEPPC) SHOULD BE INSTRUCTED TO RECOMMEND MEANS TO EFFECT ELIMINATION OF THE US SHARE OF THE PIPELINE SYSTEM'S OPERATING DEFICIT. WITH REGARD TO THIS PROPOSAL, WE WOULD RECALL THAT ALL USER NATIONS PAY CERTAIN TARIFFS FOR MOVEMENT AND STORAGE OF OIL PRODUCTS FOR MILITARY USE. TARIFFS FOR NON-NATO SERVICES (USE) ARE AS DETERMINED BY NEGOTIATIONS BETWEEN HOST COUNTRY AND COMMERCIAL ENTERPRISES (SUBJECT TO CEPPC APPROVAL. TAXES ON THESE SERVICES BENEFIT THE COUNTRIES IN WHICH THE PIPELINE SYSTEM'S SERVICES ARE RENDERED. HOST COUNTRIES ENJOY COMMERCIAL SIDE BENEFITS FROM THIS ARRANGEMENT.

A DECISION IN PRINCIPLE ALONG THESE LINES BY THE COUNCIL WOULD DEMONSTRATE ALLIANCE COHESION AND SHOW A POLITICAL COMMITMENT TO TAKE ACTION TO DEAL WITH THE PROBLEM WE ALL RECOGNIZE, AND WOULD LAY THE GROUNDWORK FOR MINISTERIAL DECISIONS.

AS AN EXAMPLE OF THE KIND OF GUIDELINES WE WOULD SEEK FROM THE COUNCIL, I PERSONALLY SUGGESTED A COUNCIL MANDATE
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TO THE COMMITTEES CONCERNED (INFRASTRUCTURE, CIVIL BUDGET, AND MILITARY BUDGET) TO STUDY REDUCTIONS OF 30 PCT, 40 PCT, AND 50 PCT OF THE PRESENT US SHARES. FAILING SUCH SPECIFIC GUIDANCE, MY INSTRUCTIONS DO NOT PERMIT ME TO AGREE TO REFERRING THIS MATTER TO SUBORDINATE NATO COMMITTEES FOR FURTHER STUDY.

I MUST ALSO STRESS THAT THE US DOES NOT WISH TO EXCLUDE OTHER OPTIONS JUST BECAUSE NATO SUBORDINATE COMMITTEES WOULD BE ASKED TO PURSUE CERTAIN SPECIFIC STUDIES THAT DEAL ONLY WITH OPTIONS V AND VIII. WE WOULD OF COURSE WELCOME PROPOSALS FOR INCREASED DEFENSE PROCUREMENT IN THE UNITED STATES, SUCH AS ANNOUNCED BY THE DANISH PERMANENT

REPRESENTATIVE, AS WELL AS OTHER APPROACHES TO REDUCING THE
BALANCE OF PAYMENTS DEFICIT THAT ACCRUES TO THE US ON ITS
MILITARY ACCOUNT. SINCERELY, /S/EUGENE V. MCAULIFFE, ACTING
PERMANENT REPRESENTATIVE UNQUOTE. RUMSFELD

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